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**SF 509** – Fuel Pumps, American with Disabilities Act (ADA) Compliant (LSB1864SZ)  
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Fiscal Note Version – New

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**Description**

**Senate File 509** requires retail dealers that sell gasoline or diesel fuel to comply with the federal American with Disabilities Act. This Bill specifies the following:

Retail motor fuel sites that sell gasoline or diesel fuel will:

- Comply with the federal ADA standards.
- Provide a refueling assistance device that allows the retailer to communicate with an individual requesting refueling assistance.
- Provide assistance to disabled customers to obtain fuel without charging an additional fee.
- Post two signs that the site offers refueling assistance.

The Bill provides an exemption for refueling assistance for retail stations that operate on a remote control basis or when there are fewer than two employees on duty.

The Department of Agriculture and Land Stewardship (DALs) is required to:

- Inspect each of approximately 3,500 Iowa gas stations for compliance with the ADA requirements during the course of a normal inspection.
- Inspect a retail operation when three or more complaints are received.
- Deliver notice to the retail dealer if a violation exists and follow up in six months to ensure corrective action has been taken. If no corrective action has been taken, the Department can suspend the dealer's license.

The Iowa Department of Revenue (DR) will implement a Motor Fuel Pump Tax Credit and specifies the following provisions:

- The credit will be made available for the installation and maintenance of at least one refueling assistance device.
- The taxpayer must be the proprietor of the eligible small business as defined in federal code ([26 U.S.C. §44](#)) and is not required to provide refueling assistance under this Bill.
- A small fuel retailer is defined as having either annual gross receipts of less than \$1.0 million or 30 or fewer employees.
- The taxpayer must file a claim for a tax credit and any required supporting documentation as prescribed by the DR.
- The amount of the tax credit claim cannot exceed actual and necessary expenditures incurred for preparing and displaying signs and installing one or more refueling assistive devices.
- The tax credit cannot exceed \$500 for each retail motor fuel site where the dealer provides refueling assistance.

**Background**

The federal Department of Justice updated ADA accessibility standards in 2010 to include a number of establishments, including gas stations, and the requirements became applicable in March 2011.

## **Assumptions**

**DALS:** It is unknown how much additional time will be needed by fuel pump inspectors to implement the requirements of this Bill. Cost estimates include one-time costs and 2.0 FTE positions to inspect gasoline pumps.

**DR:** The following assumptions were made regarding the tax credit:

- According to employment data collected from Iowa Workforce Development combined with the DR Annual Motor Fuels Sales Report statistics, there are approximately 680 retail stations that will meet the small business qualifications required for this tax credit. It is assumed none of these stations will undertake any major construction and will therefore not be required to install a refueling assistance device under this Bill.
- Eligible stations will make the required upgrades over the span of five years and the upgrades will split evenly over the next five years.
- Based on the DR Retailers Motor Fuels Gallons Annual Report, the number of motor fuel stations in Iowa is estimated to be decreasing at an average rate of 0.4% per year. It is assumed that the growth rate of eligible stations will continue to decrease each year.
- The tax credit claims will have the same timing as the School Tuition Organization and Endow Iowa Tax Credits. These are other nonrefundable tax credits that also have a five-year carryforward and are predominantly claimed by individual income taxpayers.
- Based on this timing, it is assumed that almost 10.0% of the tax credits will expire before they are used. Based on information from the DR Individual Micro Tax Model, the school surtax averages 3.0% of tax liability. Assuming that these credits will predominately be claimed by sole proprietors or partnerships against individual income tax liability, the impact on school surtax collections was also included below.

## **Fiscal Impact**

**DALS:** The DALS estimated the following costs:

- \$85,000 in one-time costs for FY 2016. This includes \$25,000 for ADA compliance consulting and training and \$60,000 to purchase trucks and equipment.
- \$108,000 and 2.00 FTE positions to inspect gasoline pumps.

**DR:** The Department of Revenue estimates the one-time cost to implement the tax credit is \$42,000.

## **Summary of Fiscal Impact:**

**Expenditures:** Implementation of this Bill is estimated to increase General Fund expenditures by \$235,000 in FY 2016 and \$108,000 per year thereafter.

**Tax Credit:** The tax credit created in this Bill is estimated to decrease General Fund revenue as shown in the table below. The fiscal impact to the school surtax is expected to be a minimal reduction.

ADA Compliant Fuel Pumps Tax Credit		
	Estimated General Fund	Estimated 3% School
<u>Fiscal Year</u>	<u>Reduction</u>	<u>Surtax Reduction</u>
FY 2017	\$ 41,054	\$ 1,232
FY 2018	\$ 56,596	\$ 1,698
FY 2019	\$ 58,790	\$ 1,764
FY 2020	\$ 59,436	\$ 1,783
FY 2021	\$ 59,929	\$ 1,798
FY 2022	\$ 19,885	\$ 597

Sources  
 Department of Agriculture and Land Stewardship  
 Department of Revenue

/s/ Holly M. Lyons

May 13, 2015

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.